Souris Basin Development Authority

SOURIS BASIN
DEVELOPMENT AUTHORITY

1991
ANNUAL
REPORT

ANNUAL REPORT

OF

THE SOURIS BASIN DEVELOPMENT AUTHORITY

OF THE

PROVINCE OF SASKATCHEWAN

FOR THE

YEAR ENDED DECEMBER 31, 1991

Souris Basin Development Authority

814 - 4th Street
Estevan, Saskatchewan
S4A 0V9
Phone: 634-4791
Fax: 634-9288

March, 1992

To Her Honour
The Honourable Sylvia Fedoruk
Lieutenant Governor of the
Province of Saskatchewan

Dear Madam:

I have the honour to submit herewith the Annual Report of the Souris Basin Development Authority for the year ended December 31, 1991, including the financial statements, therefore, duly certified by the Authority's auditor and in the form approved by the Treasury Board, all in accordance with the Crown Corporations Act, 1978.

I have the honour to be, Madam, your obedient servant.

Dwain M. Lingenfelter
Minister Responsible
Souris Basin Development Authority

SOURIS BASIN DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

Dwain M. Lingenfelter

Ed Tchorzewski

Louise Simard

Robert W. Mitchell

SECRETARY OF THE BOARD

Carole Y. Bryant

92-05586/

SOURIS BASIN DEVELOPMENT AUTHORITY

REPORT FROM THE PRESIDENT

In February 1991 the Federal Minister of Environment appointed a new three member panel chaired by Saskatchewan historian Dr. John Archer to conduct a review of the project under the provisions of the Environmental Assessment Review Process (EARP). This panel reported its key findings and made recommendations to the federal minister in September of 1991. It is noteworthy that, in their report, the panel acknowledged and expressed its appreciation for the co-operation it received from the Authority throughout the process. The Authority found the Panel's suggestions helpful and acknowledges Dr. Archer and his colleagues for persevering under difficult circumstances. This is the third independent Environmental review of the project. At year end the Authority was awaiting the Federal Governments' response to the Archer Panel Report.

By year end the Rafferty Dam, including the spillway and low level outlet, was complete. Minor site clean up items such as grass seeding, earthwork leveling and grading remain to be done in 1992. While there was no spring runoff, heavy summer rains produced an accumulation of a meter of water behind the dam. The rains also filled all upstream storage, "priming" the basin for future runoffs.

The Boundary to Rafferty Diversion Channel was completed except for the Canadian Pacific Railway crossing. Approval for this crossing is pending and we anticipate completing this work in May of 1992. Downstream Channelization is complete except for one section. Construction of this section is awaiting acquisition of the required land.

The main reservoir crossing at grid road #606 is complete and traffic is using the roadway.

Construction continued throughout the year on the new Mainprize Park, located southwest of Midale. New Careers Corporation trainees completed the golf course irrigation system, the park maintenance building, boat launch, park entry building, fencing and beach area. The campground and picnic areas were rough graded and the construction of the main visitor parking lots and golf cart storage building were started. In light of the severe economic situation in the province, all discretionary spending on the project is currently being reviewed. This includes all aspects of the park.

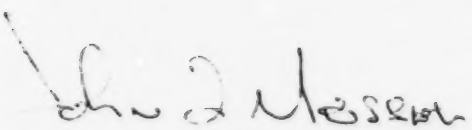
To mitigate the impacts of the reservoir on wildlife habitat, tree, shrub and grass planting continued at Rafferty with over 250,000 trees and shrubs planted in 1991 at two sites. To date, 350,000 trees and shrubs have been planted at Rafferty on 8 quarter sections. Land preparation for the 1992 planting program commenced in the fall. Replacement land for community pasture mitigation was also seeded. Fencing and dugouts were also constructed as part of the mitigation commitments.

During 1991 construction of the Alameda Dam was started in earnest. By the end of the construction season the dam was raised to a height of thirty meters above the valley bottom. Ten and a half meters of fill remains to be placed to complete the dam to full height. In terms of volume, approximately 80% of the fill was in place. It is anticipated the dam will be completed to full height in 1992. The spillway is complete except for concreting of the "rollways" and installation of gates and bridge deck. These items will be completed after the 1992 spring runoff.

Runoff from the heavy summer rains created a ten meter deep lake in the Alameda reservoir. After filling to the invert of the opening of the low level outlet water flowed through this structure continuously from July 6 to the end of December.

To mitigate the flooding of roads in the Alameda Reservoir twelve kilometers of new roads were constructed in 1991. Another six and one half kilometers are to be constructed in 1992. The major reservoir crossing at Highway #361 was constructed and opened to traffic by the Department of Highways. Some work is still required to complete this crossing. All road mitigation will be completed in 1992.

Land acquisition for wildlife mitigation at the Alameda reservoir continued in 1991 with fencing erected around the perimeter of the Authority's land.



John R. Messer
President

SOURIS BASIN

DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

CHARTERED ACCOUNTANTS
MATCHETT, POTTS & SEIPP
1130 - 3RD STREET, ESTEVAN, SASK. S4A 0R7 • TELEPHONE 634-2603

AUDITORS' REPORT

To the Members of the Legislative Assembly
of the Province of Saskatchewan

We have examined the statement of financial position of Souris Basin Development Authority as at December 31, 1991, and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards required that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Matchett, Potts & Seipp
MATCHETT, POTTS & SEIPP
ESTEVAN, SASKATCHEWAN
MARCH 13, 1992

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1991

	1991	1990
ASSETS		
CASH	$ 40,075	$1,948,629
ACCOUNTS RECEIVABLE (Note 3)	125,551	11,087
GST REBATE RECEIVABLE (Note 4)	1,756,973	---
CONTRACT ADVANCES RECEIVABLE (Note 5)	11,571,328	3,070,260
LAND DEPOSITS	3,000	21,000
ADVANCES ON DISBURSEMENTS (Note 6)	1,000	1,945,005
	$13,497,927	$6,995,981
LIABILITIES & EQUITY		
LIABILITIES		
ACCOUNTS PAYABLE (Note 7)	$13,495,885	$6,980,875
DEFERRED REVENUE	2,042	15,106
	$13,497,927	$6,995,981
EQUITY		
RETAINED EARNINGS	---	---
	$13,497,927	$6,995,981

(SEE ACCOMPANYING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1991

	1991	1990
REVENUE		
CONTRACT REVENUE EARNED	$78,601,068	$44,342,034
INTEREST REVENUE	207,879	257,280
LAND LEASEBACK REVENUE	167,351	56,795
	$78,976,298	$44,656,109
EXPENSES		
COST OF CONTRACTS	$75,662,943	$42,793,785
GENERAL & ADMINISTRATION	1,513,271	1,823,971
INTEREST EXPENSE	43,111	38,353
GST EXPENSE (Note 4)	1,756,973	---
	$78,976,298	$44,656,109
NET EARNINGS	---	---
RETAINED EARNINGS BEGINNING OF YEAR	---	---
RETAINED EARNINGS END OF YEAR	$ ---	$ ---

(SEE ACCOMPANING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

1. Status of the Corporation

The Souris Basin Development Authority was established by Order in Council 270/86 and continues under the provisions of part one of The Crown Corporations Act, 1978. The mandate of the Authority is to coordinate and manage the design and construction of the Rafferty and Alameda Dam projects as the agent for Saskatchewan Water Corporation. Pursuant to the agency agreement between the Authority and Saskatchewan Water Corporation, the Corporation will fund the Authority for all costs incurred (net of other revenue) as they relate to the agreement. These projects are multi-purpose in nature involving several Government Departments, Agencies and Crown Corporations.

2. Significant Accounting Policies

The Souris Basin Development Authority's accounting policies are in accordance with generally accepted accounting principles. The following summary of accounting policies describes the accounting methods and practices considered to be significant to the Authority's Financial Statements:

(i) Contract Revenue and Cost Recognition

Contract Revenue Earned - advances are recognized as contract revenue on the basis of total expenses incurred (net of other revenue) during the year.

Cost of Contracts-includes all direct costs determined using the percentage-of-completion method.

3. Accounts Receivable

	1991	1990
Expense recoveries	$119,636	$ 7,153
Expense advances	1,000	1,000
Leaseback revenue	4,915	2,934
	$125,551	$11,087

SOURIS BASIN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

4. Goods and Services Tax Rebate

The Authority has recognized in this financial statement a Goods and Services Tax Rebate receivable for $1,756,973. This estimate was based on the Authority being a non-profit organization which entitles it to a 50% rebate of the Goods and Services Tax paid on purchases.

The Authority is in the process of requesting to be designated as a municipality for the purpose of the Goods and Services Tax. If successful the Authority will be eligible for an additional rebate of $250,996 which has not been recognized in this financial statement. When the status of the Authority under the Goods and Serivces Tax Act is resolved and the additional rebate determined, it will be credited to the cost of contracts in the year of resolution.

5. Contract Advances Receivable

	1991 (Cumulative)	1990 (Cumulative)
Total Advances		
Sask Water	$152,950,000	$82,950,000
City of Minot	200,000	100,000
	153,150,000	83,050,000
Less: Total Costs Incurred (Net of Other Revenue)	164,721,328	86,120,260
	$11,571,328	$ 3,070,260

6. Advance on Disbursements

Agreements with certain oil companies regarding mitigation of the impacts of the Rafferty and Alameda Dams on their facilities require that the Authority advance funds to the said companies. As mitigation work proceeds, actual invoices are authorized by the Authority. The approved amounts are then expensed and the advance on disbursements account is credited accordingly.

7. Accounts Payable

	1991	1990
Contract Payables	$10,917,909	$4,017,768
General & Admin Payables	15,471	113,744
Contract Holdbacks	2,562,505	2,849,363
	$13,495,885	$6,980,875

8. Remuneration of Directors

The four current members of the Board of Directors are all members of Executive Council and are thus deemed to be Government Affiliated Directors. As such they receive no renumeration from the Authority for their services. During 1991, prior to the expiry of their terms, the non government Directors who served on the previous board received renumeration totalling $22,984 (1990 - $10,850).

9. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled Departments, Agencies, and Corporations with which the Authority is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms except as described below.

The Authority has entered into an agency agreement with the Saskatchewan Water Corporation whereby the Authority undertakes to plan, organize, design and construct the Rafferty and Alameda Dam Projects; in turn the Corporation is to provide consulting services out of its own resources without further consideration within the limits of its own staff, expertise, and facilities currently in place. To the extent the Corporation incurs costs for contract personnel or facilities to provide these services, they shall be reimbursed for the cost by the Authority.